

**CITY OF DYSART, IOWA**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**SUPPLEMENTARY AND OTHER INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2020**

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## City of Dysart

### Officials

#### (Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Pam Thiele	Mayor	Jan 2020
Tim Glenn	Mayor Pro Tem	Jan 2022
Taylor Gingrich	Council Member	Jan 2022
Reece Petersen	Council Member	Jan 2022
Stacey Dabney	Council Member	Jan 2020
Mary Wankowicz	Council Member	Jan 2020
Roxanne Schneider	City Clerk	Indefinite
Tabby Kaiser	Deputy City Clerk	Indefinite
Kevin Ahrenholz	Attorney	Indefinite

#### (After January 2020)

Tim Glenn	Mayor	Jan 2024
Bret Hennessy*	Mayor Pro Tem	Jan 2022
Taylor Gingrich	Council Member	Jan 2022
Reece Petersen	Council Member	Jan 2022
Stacey Dabney	Council Member	Jan 2024
Mary Wankowicz	Council Member	Jan 2024
Roxanne Schneider	City Clerk	Retired May 2020
Tabby Kaiser	City Clerk	Appointed Jun 2020
Tabby Kaiser	Deputy City Clerk	Resigned May 2020
Rachel Hala	Deputy City Clerk	Appointed Jun 2020
Kevin Ahrenholz	Attorney	Indefinite

\* appointed January 8, 2020

**City of Dysart**

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:  
City of Dysart, Iowa

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Dysart, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Dysart as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States. My opinions are not modified with respect to this matter.

## **Other Matters**

### *Supplementary and Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the seven years ended June 30, 2017 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report who expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included on pages 31 through 34, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

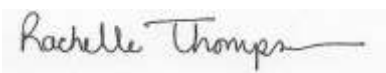
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, management's discussion and analysis, the budgetary comparison information, the schedule of the City's proportionate share of the net pension liability and the schedule of city contributions on pages 5 through 10 and 26 through 30, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

To the Honorable Mayor and  
Members of City Council  
City of Dysart, Iowa  
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### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated August 27, 2020 on my consideration of the City of Dysart's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dysart's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Rachelle Thompson". The signature is written in dark ink on a light-colored background.

RACHELLE K. THOMPSON, CPA  
Hampton, Iowa

August 27, 2020

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Dysart provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2020 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 38.5%, or approximately \$475,000, from fiscal year 2019 to fiscal year 2020. This was due to the \$500,000 of general obligation bonds that were issued during fiscal year 2020. Property tax (including TIF) increased approximately \$39,000 in fiscal year 2020.
- Disbursements of the City's governmental activities increased 13.4%, or approximately \$238,000, in fiscal year 2020 from fiscal year 2019, due to various capital projects. Public safety and public works disbursements decreased by approximately \$138,000 and \$169,000, respectively, while capital projects disbursements increased approximately \$525,000.
- The City's total cash basis net position increased 2.3%, or approximately \$50,000, from June 30, 2019 to June 30, 2020. Of this amount, the cash basis net position of the governmental activities decreased approximately \$200,000, and the cash basis net position of the business type activities increased approximately \$250,000. The decrease in the governmental balance can be attributed to disbursements exceeding receipts in the general fund and disbursements related to the Connell Street project.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a cash basis statement of activities and net position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

### BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States. Therefore, when reviewing the



financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The cash basis statement of activities and net position reports information which helps answer this question.

The cash basis statement of activities and net position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The cash basis statement of activities and net position is divided into two kinds of activities:

- Governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business type activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's enterprise funds. Enterprise funds are used to report business type activities. The City maintains four enterprise funds to provide separate information for the Water, Electric, Sewer and Garbage Funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased during FY20, from \$644,461 to \$444,457. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

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Changes in Cash Basis Net Position of Governmental Activities

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	Year ended June 30,	
	2020	2019
<b>Receipts</b>		
Program receipts		
Charges for service	\$ 105,560	\$ 112,200
Operating grants, contributions and restricted interest	267,097	258,708
General receipts		
Property tax, including tax increment financing	672,843	634,161
Local option sales tax	91,916	101,414
Commercial/industrial tax replacement	5,102	10,237
Unrestricted interest on investments	5,949	4,776
Other general receipts	62,525	114,322
Bond proceeds	500,000	-
<b>Total Receipts</b>	<b>1,710,992</b>	<b>1,235,818</b>
<b>Disbursements</b>		
Public safety	594,268	732,671
Public works	210,175	379,025
Culture and recreation	202,622	207,843
Community and economic development	31,903	33,148
General government	51,537	67,537
Debt service	397,776	355,158
Capital projects	524,858	-
<b>Total Disbursements</b>	<b>2,013,139</b>	<b>1,775,382</b>
<b>Change in cash basis net position before transfers</b>	<b>(302,147)</b>	<b>(539,564)</b>
Transfers, net	102,143	111,801
<b>Change in cash basis net position</b>	<b>(200,004)</b>	<b>(427,763)</b>
Cash basis net position, beginning of year	644,461	1,072,224
<b>Cash basis net position, end of year</b>	<b>\$ 444,457</b>	<b>\$ 644,461</b>
<b>Includes Dysart Fire Fighters, Inc. cash balance of:</b>	<b>\$ 74,538</b>	<b>\$ 80,104</b>

The City's total receipts for governmental activities increased 38.5%, or approximately \$475,000, over the prior year. The total cost of all programs and services increased approximately \$238,000, or 13.4%, with no new programs added this year. The increase in receipts was primarily due to the issuance of \$500,000 in general obligation bonds and the increase in costs is related to capital projects.

The City increased property tax rates for fiscal year 2020 an average of 6.1%. This increase raised the City's property tax receipts approximately \$39,000 in fiscal year 2020. Based on increases in the total assessed valuation, property tax receipts are budgeted to increase an additional \$26,000 next year.

The cost of all governmental activities this year was approximately \$2.0 million compared to approximately \$1.8 million last year. However, as shown in the statement of activities and net position on page 11, the amount taxpayers ultimately financed for these activities was approximately \$1.6 million because some of the cost was paid by those directly benefiting from the programs (approximately \$106,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$267,000). The City paid for the remaining “public benefit” portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax and miscellaneous receipts. Overall, the City’s governmental activities program receipts, including intergovernmental aid and fees for service, increased slightly in fiscal year 2020 from approximately \$371,000 to approximately \$373,000.

Changes in Cash Basis Net Position of Business-Type Activities		
	Year ended June 30,	
	2020	2019
<b>Receipts</b>		
Program receipts		
Charges for service		
Water	\$ 291,080	\$ 284,475
Sewer	122,956	107,126
Electric	1,148,817	1,200,892
Garbage	234,621	232,727
General receipts		
Unrestricted interest on investments	10,995	8,831
Other general receipts	28,846	8,903
Bond proceeds	168,769	-
<b>Total receipts</b>	<b>2,006,084</b>	<b>1,842,954</b>
<b>Disbursements</b>		
Water	330,401	329,114
Sewer	207,715	253,285
Electric	886,715	1,017,591
Garbage	228,637	230,871
<b>Total disbursements</b>	<b>1,653,468</b>	<b>1,830,861</b>
<b>Change in cash basis net position before transfers</b>	<b>352,616</b>	<b>12,093</b>
Transfers, net	(102,143)	(111,801)
<b>Change in cash basis net position</b>	<b>250,473</b>	<b>(99,708)</b>
Cash basis net position, beginning of year	1,542,381	1,642,089
<b>Cash basis net position, end of year</b>	<b>\$1,792,854</b>	<b>\$ 1,542,381</b>

Total business type activities receipts for the fiscal year were approximately \$2,006,000 compared to approximately \$1,843,000 last year. This increase was due primarily to approximately \$169,000 of sewer project note proceeds. The cash balance increased approximately \$250,000 over the prior year. Total disbursements for the fiscal year decreased 9.7% to approximately \$1,653,000.

## INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As City of Dysart completed the year, its governmental funds reported a combined fund balance of \$444,457, a decrease of \$200,004 from last year's total of \$644,461. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- General Fund cash balance decreased \$88,630 over the prior year to \$178,780. This decrease was primarily due to disbursements exceeding receipts.
- The Capital Projects, 2019 Infrastructure Fund cash balance was zero at the end of fiscal year 2020. This fund tracked the bond proceeds and capital project expenditures of the 2019 infrastructure projects.

## INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance decreased \$38,686 to \$57,869 due primarily to increased operating costs and repairs.
- The Enterprise, Electric Fund cash balance increased \$198,745 to \$1,497,060 due primarily to fewer repair costs and inter-fund transfers out.
- The Enterprise, Sewer Fund cash balance increased \$84,143 to \$151,285 due to bond proceeds to cover planning and design fees for the new lagoon.
- The Enterprise, Garbage Fund cash balance increased by \$6,271 to \$86,640.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on March 27, 2020 and resulted in an increase in all functions except General Government and Debt Service. Reasons for the amendment included a \$300,000 street project, lagoon engineering fees of \$70,000 and \$22,000 power cot purchase for the ambulance department.

The City's receipts were approximately \$73,000 less than budgeted. This was primarily due to a decrease in ambulance revenue due to fewer calls and less grants/donations received.

Even with the budget amendment, total disbursements exceeded the budgeted amount in the Public Works function, primarily due to professional fees paid to Anderson-Bogert for Connell Street construction. Actual disbursements for the public safety, culture and recreation, community and economic development, general government, debt service and capital projects functions were \$61,881, \$42,928, \$12,847, \$19,913, \$2,947 and \$275,142, respectively, less than the amended budget. This was due to expenses delayed to next fiscal year.

## DEBT ADMINISTRATION

At June 30, 2020, the City had \$2,008,769 of bonds and other long-term debt outstanding, compared to \$1,690,000 last year, as shown below.

Outstanding Debt at Year-End		
	June 30,	
	2020	2019
General obligation bonds	\$ 1,840,000	\$ 1,690,000
Sewer revenue anticipation notes	\$ 168,769	\$ -

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation and tax increment financing debt of \$1,840,000 is significantly below its constitutional debt limit of approximately \$2.1 million. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City of Dysart's elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates and fees charged for various City activities.

Budgets for various departments have remained fairly consistent with past years. The property tax rate for fiscal year 2021 increased to \$15.5574 per \$1,000 in valuation, compared to \$14.41877 per \$1,000 in valuation, in fiscal year 2020. This was primarily due to a debt levy increase of \$82,144.

The City of Dysart has completed approximately 95% of the design phase of mandated improvements to its wastewater treatment facility. The project is anticipated to cost between \$4 and \$5 million and must be completed by November 1, 2021.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tabatha Kaiser, City Clerk, 601 Wilson Street, P.O. Box 686, Dysart, Iowa. Phone 319-476-5690.

## **Basic Financial Statements**

City of Dysart - Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2020

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs						
<b>Governmental activities</b>						
Public safety	\$ 594,268	\$ 78,311	\$ 76,755	\$ (439,202)	\$ -	\$ (439,202)
Public works	210,175	-	177,254	(32,921)	-	(32,921)
Culture and recreation	202,622	27,249	13,088	(162,285)	-	(162,285)
Community and economic development	31,903	-	-	(31,903)	-	(31,903)
General government	51,537	-	-	(51,537)	-	(51,537)
Debt service	397,776	-	-	(397,776)	-	(397,776)
Capital projects	524,858	-	-	(524,858)	-	(524,858)
<b>Total governmental activities</b>	<b>2,013,139</b>	<b>105,560</b>	<b>267,097</b>	<b>(1,640,482)</b>	<b>-</b>	<b>(1,640,482)</b>
<b>Business type activities</b>						
Water	330,401	291,080	-	-	(39,321)	(39,321)
Electric	886,715	1,148,817	-	-	262,102	262,102
Garbage	228,637	234,621	-	-	5,984	5,984
Sewer	207,715	122,956	-	-	(84,759)	(84,759)
<b>Total business type activities</b>	<b>1,653,468</b>	<b>1,797,474</b>	<b>-</b>	<b>-</b>	<b>144,006</b>	<b>144,006</b>
<b>Total</b>	<b>3,666,607</b>	<b>1,903,034</b>	<b>267,097</b>	<b>(1,640,482)</b>	<b>144,006</b>	<b>(1,496,476)</b>
<b>General Receipts and Transfers</b>						
Property and other city tax levied for:						
General purposes				418,626	-	418,626
Debt service				186,943	-	186,943
Tax increment financing				67,274	-	67,274
Local option sales tax				91,916	-	91,916
Commercial/industrial tax replacement				5,102	-	5,102
Unrestricted interest on investments				5,949	10,995	16,944
Miscellaneous				62,525	28,846	91,371
Bond proceeds				500,000	168,769	668,769
Transfers				102,143	(102,143)	-
<b>Total general receipts and transfers</b>				<b>1,440,478</b>	<b>106,467</b>	<b>1,546,945</b>
Change in cash basis net position				(200,004)	250,473	50,469
Cash basis net position beginning of year				644,461	1,542,381	2,186,842
<b>Cash basis net position end of year</b>				<b>\$ 444,457</b>	<b>\$ 1,792,854</b>	<b>\$ 2,237,311</b>
<b>Cash Basis Net Position</b>						
Restricted:						
Expendable:						
Streets				\$ 3,395	\$ -	\$ 3,395
Debt service				116,378	-	116,378
Other purposes				177,900	-	177,900
Unrestricted				146,784	1,792,854	1,939,638
<b>Total cash basis net position</b>				<b>\$ 444,457</b>	<b>\$ 1,792,854</b>	<b>\$ 2,237,311</b>

See notes to financial statements.

**City of Dysart - Statement of Cash Receipts, Disbursements and Changes in Cash Balances -- Governmental Funds**  
 As of and for the year ended June 30, 2020

	General	Capital Projects 2019 Infrastructure	Nonmajor Governmental	Total
<b>Receipts</b>				
Property tax	\$ 354,573	\$ -	\$ 250,996	\$ 605,569
Tax increment financing	-	-	67,274	67,274
Other city tax	3,186	-	91,916	95,102
Licenses and permits	4,077	-	-	4,077
Use of money and property	10,012	181	2,443	12,636
Intergovernmental	14,173	-	179,326	193,499
Charges for services	95,183	-	-	95,183
Miscellaneous	115,487	-	22,165	137,652
<b>Total receipts</b>	<b>596,691</b>	<b>181</b>	<b>614,120</b>	<b>1,210,992</b>
<b>Disbursements</b>				
Operating:				
Public safety	566,069	-	28,199	594,268
Public works	-	-	210,175	210,175
Culture and recreation	202,622	-	-	202,622
Community and economic development	31,903	-	-	31,903
General government	51,537	-	-	51,537
Debt service	-	2,500	395,276	397,776
Capital projects	-	492,862	31,996	524,858
<b>Total disbursements</b>	<b>852,131</b>	<b>495,362</b>	<b>665,646</b>	<b>2,013,139</b>
<b>Excess (Deficiency) of receipts over (under) disbursements</b>	<b>(255,440)</b>	<b>(495,181)</b>	<b>(51,526)</b>	<b>(802,147)</b>
<b>Other financing sources (uses)</b>				
Bond proceeds	-	500,000	-	500,000
Transfers in	166,810	-	376,411	543,221
Transfers out	-	(4,819)	(436,259)	(441,078)
<b>Total other financing sources (uses)</b>	<b>166,810</b>	<b>495,181</b>	<b>(59,848)</b>	<b>602,143</b>
<b>Change in cash balances</b>	<b>(88,630)</b>	<b>-</b>	<b>(111,374)</b>	<b>(200,004)</b>
Cash balances beginning of year	267,410	-	377,051	644,461
<b>Cash balances end of year</b>	<b>\$ 178,780</b>	<b>\$ -</b>	<b>\$ 265,677</b>	<b>\$ 444,457</b>
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Streets	\$ -	\$ -	\$ 3,395	\$ 3,395
Debt service	-	-	116,378	116,378
Other purposes	-	-	103,362	103,362
Assigned	-	-	74,538	74,538
Unassigned	178,780	-	(31,996)	146,784
<b>Total cash basis fund balances</b>	<b>\$ 178,780</b>	<b>\$ -</b>	<b>\$ 265,677</b>	<b>\$ 444,457</b>

See notes to financial statements.



**City of Dysart - Statement of Cash Receipts, Disbursements and Changes in Cash Balances --  
Proprietary Funds**

As of and for the year ended June 30, 2020

	<u>Water</u>	<u>Electric</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>Operating receipts</b>					
Charges for service	<u>\$ 291,080</u>	<u>\$ 1,148,817</u>	<u>\$ 122,956</u>	<u>\$ 234,621</u>	<u>\$ 1,797,474</u>
<b>Operating disbursements</b>					
Business type activities	<u>330,401</u>	<u>886,715</u>	<u>207,715</u>	<u>228,637</u>	<u>1,653,468</u>
<b>Excess (Deficiency) of operating receipts over (under) operating disbursements</b>	<u>(39,321)</u>	<u>262,102</u>	<u>(84,759)</u>	<u>5,984</u>	<u>144,006</u>
<b>Non-operating receipts (disbursements)</b>					
Interest on investments	175	10,400	133	287	10,995
Miscellaneous	460	28,386	-	-	28,846
<b>Net non-operating receipts</b>	<u>635</u>	<u>38,786</u>	<u>133</u>	<u>287</u>	<u>39,841</u>
<b>Excess of receipts over disbursements</b>	<u>(38,686)</u>	<u>300,888</u>	<u>(84,626)</u>	<u>6,271</u>	<u>183,847</u>
<b>Other financing sources (uses)</b>					
Bond proceeds	-	-	168,769	-	168,769
Transfers out	-	(102,143)	-	-	(102,143)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(102,143)</u>	<u>168,769</u>	<u>-</u>	<u>66,626</u>
<b>Change in cash balances</b>	<u>(38,686)</u>	<u>198,745</u>	<u>84,143</u>	<u>6,271</u>	<u>250,473</u>
Cash balances beginning of year	<u>96,555</u>	<u>1,298,315</u>	<u>67,142</u>	<u>80,369</u>	<u>1,542,381</u>
<b>Cash balances end of year</b>	<u><u>\$ 57,869</u></u>	<u><u>\$ 1,497,060</u></u>	<u><u>\$ 151,285</u></u>	<u><u>\$ 86,640</u></u>	<u><u>\$ 1,792,854</u></u>
<b>Cash Basis Fund Balances</b>					
Unrestricted	<u><u>\$ 57,869</u></u>	<u><u>\$ 1,497,060</u></u>	<u><u>\$ 151,285</u></u>	<u><u>\$ 86,640</u></u>	<u><u>\$ 1,792,854</u></u>

See notes to financial statements.

## **City of Dysart – Notes to the Financial Statements**

### **(1) Summary of Significant Accounting Policies**

The City of Dysart is a political subdivision of the State of Iowa located in Tama County. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer, electric and garbage utilities for its citizens.

#### **Reporting Entity**

For financial reporting purposes, the City of Dysart has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Dysart (the primary government), and the following component unit: Dysart Fire Fighters, Incorporated. This component unit is included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

#### **Blended Component Unit**

Dysart Fire Fighters, Incorporated (Corporation) is legally separate from the City but is so intertwined with the City it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Corporation is legally separate from the City, its purposes and objectives are to benefit the City of Dysart by providing assistance to the City in execution and performance of responsibilities to the citizens of Dysart and vicinity with regard to the study and advancement of the science of fire prevention, protection and suppression, and general emergency response and to conduct civic and social services, charitable and fundraising activities which support the City.

#### **Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Tama County Assessor's Conference Board, Tama County Sheriff's Department, Tama County Economic Development Commission, Dysart Rural Fire Agency, Inc., Poweshiek Water Association, Resale Power Group of Iowa (RPGI), Tama County Emergency Communications Network, Inc. (Code RED) and Tama County Solid Waste Disposal Commission.

#### **Basis of Presentation**

**Government-wide Financial Statement** – The cash basis statement of activities and net position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

## City of Dysart – Notes to the Financial Statements

### (1) Summary of Significant Accounting Policies

The cash basis statement of activities and net position presents the City's nonfiduciary net position. Net position is reported in the following categories:

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The cash basis statement of activities and net position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

**Fund Financial Statements** – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

#### Capital Projects

The *2019 Infrastructure Fund* is used to account for the bond proceeds and construction of the 2019 infrastructure projects.

The City reports the following major proprietary funds:

The *Enterprise, Water Fund* accounts for the operation and maintenance of the City's water system.

The *Enterprise, Electric Fund* accounts for the operation and maintenance of the City's electric utility system.

The *Enterprise, Sewer Fund* accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The *Enterprise, Garbage Fund* accounts for the garbage collection services contracted by the City.

### **Measurement Focus and Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly,

## City of Dysart – Notes to the Financial Statements

### (1) Summary of Significant Accounting Policies

the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

#### Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenue recognized in these funds becomes due and collectible in September and March of the current fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

**Restricted** – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

**Assigned** – Amounts the City Council intends to use for specific purposes.

**Unassigned** – All amounts not included in the preceding classifications.

#### Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the public works function.

#### Estimates and Assumptions

The preparation of the financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amount of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

## City of Dysart – Notes to the Financial Statements

### (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2020, the City had the following investments:

Investment	Carrying Amount	Fair Value
Certificates of Deposit	\$ 573,034	\$ 573,034

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The recurring fair value of the certificates of deposit was determined using other observable inputs. (Level 2 inputs)

**Interest rate risk** – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

### (3) Bonds Payable

A summary of changes in bonds payable for the year ended June 30, 2020 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
<b>Governmental activities</b>					
Genreal Obligation Bonds	<u>\$ 1,690,000</u>	<u>\$ 500,000</u>	<u>\$ 350,000</u>	<u>\$ 1,840,000</u>	<u>\$ 330,000</u>
<b>Business type activities</b>					
Sewer Project Note	<u>\$ -</u>	<u>\$ 168,769</u>	<u>\$ -</u>	<u>\$ 168,769</u>	<u>\$ -</u>

## City of Dysart – Notes to the Financial Statements

### (3) Bonds Payable

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 330,000	\$ 40,018	\$ 370,018
2022	260,000	34,140	294,140
2023	260,000	28,585	288,585
2024	260,000	22,910	282,910
2025	175,000	16,720	191,720
2026-2030	505,000	32,118	537,118
2031	50,000	1,150	51,150
<b>Total</b>	<b>\$1,840,000</b>	<b>\$ 175,641</b>	<b>\$2,015,641</b>

#### General Obligation Bonds

A summary of the City's June 30, 2020 general obligation bonds payable is as follows:

Year Ending June 30,	Corporate Purpose & Refunding Series 2013			Corporate Purpose & Refunding Series 2015		
	Issued March 12, 2013			Issued May 27, 2015		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2021	1.45%	100,000	7,630	2.50%	120,000	14,575
2022	1.90%	35,000	6,180	2.75%	115,000	11,575
2023	1.90%	40,000	5,515	2.75%	115,000	8,413
2024	1.90%	40,000	4,755	3.00%	115,000	5,250
2025	2.35%	40,000	3,995	3.00%	30,000	1,800
2026-2030	2.35%	130,000	6,228	3.00%	30,000	900
2031		-	-		-	-
		<u>\$ 385,000</u>	<u>\$ 34,303</u>		<u>\$ 525,000</u>	<u>\$ 42,513</u>

Year Ending June 30,	Corporate Purpose Series 2017			Corporate Purpose Series 2019			Total	
	Issued June 29, 2017			Issued September 16, 2019				
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2021	1.25%	75,000	8,973	1.40%	35,000	8,840	330,000	40,018
2022	1.65%	75,000	8,035	1.40%	35,000	8,350	260,000	34,140
2023	1.65%	65,000	6,798	1.70%	40,000	7,860	260,000	28,585
2024	2.00%	65,000	5,725	1.70%	40,000	7,180	260,000	22,910
2025	2.00%	65,000	4,425	1.70%	40,000	6,500	175,000	16,720
2026-2030	2.50%	125,000	4,625	2.00-2.30%	220,000	20,365	505,000	32,118
2031		-	-	2.30%	50,000	1,150	50,000	1,150
		\$ 470,000	\$ 38,580		\$ 460,000	\$ 60,245	\$ 1,840,000	\$ 175,641

## City of Dysart – Notes to the Financial Statements

### (3) Bonds Payable

The Code of Iowa requires principal and interest on general obligation bonds to be paid from the Debt Service Fund. The Bonds are payable from ad valorem taxes levied against all taxable property within the City.

The City issued \$1,320,000 of general obligation corporate purpose and refinancing bonds in March 2013 with interest rates ranging from 1.45% to 2.35% per annum. The bonds were issued for the purpose of paying the costs of constructing certain street, curb and gutter and storm sewer improvements and refunding of previous general obligation corporate purpose notes. During the year ended June 30, 2020, the City paid \$140,000 of principal and \$9,450 of interest on the bonds.

The City issued \$1,070,000 general obligation corporate purpose and refunding bonds in May 2015 with interest rates ranging from 2.50% to 3.00%. The bonds were issued for the purpose of constructing street, water and sewer improvements and refunding of previous general obligation corporate purpose notes. During the year ended June 30, 2020, the City paid \$115,000 of principal and \$17,450 of interest on the bonds.

The City issued \$500,000 of general obligation corporate purpose bonds in June 2017 with interest rates ranging from 1.25% to 2.50%. The bonds were issued for the purpose of constructing street and sanitary sewer improvements. During the year ended June 30, 2020, the City paid \$10,000 of principal and \$9,098 of interest on the bonds.

The City issued \$500,000 of general obligation corporate purpose bonds in September 2019 with interest rates ranging from 1.40% to 2.30%. The bonds were issued for the purpose of constructing infrastructure projects. During the year ended June 30, 2020, the City paid \$40,000 of principal and \$6,658 of interest on the bonds.

#### **Sewer Revenue Project Note**

In June 2020, the City issued a non-interest bearing sewer revenue loan and disbursement anticipation project note not to exceed \$251,000, for the purpose of providing funds to pay the costs of planning, designing and constructing improvements and extensions to the City's wastewater treatment system. As of June 30, 2020, a total of \$168,769 had been drawn on the note.

### (4) Pension Plan

**Plan Description** – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits** – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first.

## City of Dysart – Notes to the Financial Statements

### (4) Pension Plan

These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits** – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions** – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection



**City of Dysart – Notes to the Financial Statements**

**(4) Pension Plan**

occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$51,208.

**Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2020, the City reported a liability of \$180,778 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was 0.0031219%, which was a decrease of 0.000227% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$67,200, \$41,758 and \$57,512, respectively.

There were no non-employer contributing entities to IPERS.

**Actuarial Assumptions** – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

## City of Dysart – Notes to the Financial Statements

### (4) Pension Plan

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0%	5.60%
International Equity	15.0	6.08
Global Smart Beta Equity	3.0	5.82
Core Plus Fixed Income	27.0	1.71
Public Credit	3.5	3.32
Public Real Assets	7.0	2.81
Cash	1.0	(0.21)
Private Equity	11.0	10.13
Private Real Assets	7.5	4.76
Private Credit	3.0	3.01
<b>Total</b>	<b><u>100.0%</u></b>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability .....	\$ 497,884	\$ 180,778	\$ (84,988)

**IPERS' Fiduciary Net Position** – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

### (5) Other Postemployment Benefits (OPEB)

**Plan Description** – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$475 for single coverage to \$1,416 for family coverage. For the year ended June 30, 2020, the City contributed \$77,829 and plan members eligible for benefits contributed \$981 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**OPEB Benefits** – The medical/prescription drug benefits are provided through a partially self-insured plan with Wellmark Blue Cross/Blue Shield. Individuals who are employed by City of Dysart and are eligible to participate in the group health plan are eligible to continue healthcare

## City of Dysart – Notes to the Financial Statements

### (5) Other Postemployment Benefits (OPEB)

benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

The City's deductibles for the plan are \$2,000 for single and \$4,000 for family and it self-funds half of the deductible or \$1,000 and \$2,000, respectively for each participant. A third-party administrator, Advantage Administrators, coordinates the self-funded portion of the plan.

Retired participants are eligible to participate at their own expense and must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2020, there were 5 active and no retired members covered by the benefit terms.

The City also approved a one-time retirement benefit in March 1994 for one employee where the City pays for the retiree's Medicare and drug supplement. For the year ended June 30, 2020, the City contributed \$4,131 to the individual's Medicare supplement.

### (6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours based on the length of their employment. Vacation leave is accumulated for subsequent use or for payment upon termination, retirement or death. Unused sick leave is forfeited upon termination, retirement, or death. The accumulation of vacation leave is not recognized as a disbursement by the City until used or paid. The City's approximate liability for earned vacation leave payable to employees at June 30, 2020, primarily relating to the General Fund, was \$23,000. This liability has been computed based on rates of pay in effect at June 30, 2020.

### (7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer To	Transfer From	Amount
General	Special Revenue Employee Trust	\$ 64,667
	Enterprise Electric	<u>102,143</u>
		<u>166,810</u>
Debt Service 2013 Talmage/Pool	Special Revenue Local Option Sales Tax	118,000
	Urban Renewal Tax Increment	5,651
	Debt Service Debt Service	26,299
	Debt Service 2010 Infrastructure	<u>2,163</u>
		<u>152,113</u>
Debt Service 2015 Debt Fund	Special Revenue Urban Renewal Tax Increment	43,770
	Debt Service Debt Service	<u>71,680</u>
		<u>115,450</u>

## City of Dysart – Notes to the Financial Statements

### (7) Interfund Transfers

Transfer To	Transfer From	Amount
2010 Infrastructure	Special Revenue	
	Urban Renewal Tax Increment	18,500
	Debt Service	
	Debt Service	<u>24,072</u>
		<u>42,572</u>
West Street	Debt Service	
	Debt Service	<u>14,199</u>
2019 Infrastructure	Debt Service	
	Debt Service	47,258
	Capital Projects	
	2019 Infrastructure	<u>4,819</u>
		<u>52,077</u>
<b>Total</b>		<b><u>\$ 543,221</u></b>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

### (8) Commitments

Under an annual wholesale power agreement, the City is committed to purchase electric power and energy requirements from Resale Power Group of Iowa. The agreement automatically renews each calendar year. Under a water purchase contract, the City is committed to the purchase of bulk water from Poweshiek Water Association through 2038. Under a sanitation contract, the City is committed to purchase sanitation services from Serious Sanitation through June 30, 2021. The rates under the above contracts are subject to review annually.

The City participates in a 28E organization with Tama County and other cities within Tama County. This organization is the Tama County Solid Waste Disposal Commission. The estimated costs of closure and post closure care as of June 30, 2019, the most recent date for which such information is available, is approximately \$3,065,200. The Commission has accumulated resources to fund these costs and, at June 30, 2019, assets of \$2,351,135 are restricted for these purposes.

During the year ended June 30, 2020, the City Council approved contracts and change orders totaling approximately \$823,000 on the Connell Street Project. Approximately \$510,000 was paid during the year ended June 30, 2020, and approximately \$312,000 will be completed and paid during the year ended June 30, 2021.

### (9) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials

## **City of Dysart – Notes to the Financial Statements**

### **(9) Risk Management**

liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$41,440.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

### **(10) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific

## **City of Dysart – Notes to the Financial Statements**

### **(10) Tax Abatements**

action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

#### **City Tax Abatements**

For the year ended June 30, 2020, the City abated no property tax under urban renewal and economic development agreements.

#### **Tax Abatements of Other Entities**

Property tax revenues of the City were not reduced for the year ended June 30, 2020 as a result of any agreements entered into by other entities.

### **(11) Subsequent Events**

Management has evaluated subsequent events through August 27, 2020, the date the financial statements were available to be issued.

### **(12) Related Party Transactions**

The City had business transactions between the City and City officials totaling \$1,011 during the year ended June 30, 2020.

### **(13) Financial Condition**

The Capital Projects, 2020 Connell Street Fund had a deficit balance of \$31,996 at June 30, 2020. The deficit balance was a result of project costs incurred prior to the availability of funds. The deficit will be eliminated upon issuance of bond proceeds.

### **(14) Contingency**

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact of the City's operations and finances.

## Other Information

**City of Dysart - Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds**  
Other Information

Year ended June 30, 2020

	<b>Governmental Funds Actual</b>	<b>Proprietary Funds Actual</b>	<b>Less Funds Not Required to be Budgeted</b>	<b>Total</b>	<b>Budgeted Amounts</b>		<b>Final to Total Variance</b>
					<b>Original</b>	<b>Final</b>	
<b>Receipts</b>							
Property tax	\$ 605,569	\$ -	\$ -	\$ 605,569	\$ 601,401	\$ 601,401	\$ 4,168
Tax increment financing	67,274	-	-	67,274	67,921	67,921	(647)
Other city tax	95,102	-	-	95,102	85,905	85,905	9,197
Licenses and permits	4,077	-	-	4,077	5,120	5,120	(1,043)
Use of money and property	12,636	10,995	469	23,162	16,700	16,700	6,462
Intergovernmental	193,499	-	-	193,499	222,392	222,392	(28,893)
Charges for services	95,183	1,797,474	-	1,892,657	2,005,300	2,005,300	(112,643)
Miscellaneous	137,652	28,846	22,165	144,333	74,150	94,150	50,183
<b>Total receipts</b>	<b>1,210,992</b>	<b>1,837,315</b>	<b>22,634</b>	<b>3,025,673</b>	<b>3,078,889</b>	<b>3,098,889</b>	<b>(73,216)</b>
<b>Disbursements</b>							
Public safety	594,268	-	28,199	566,069	595,950	627,950	61,881
Public works	210,175	-	-	210,175	169,040	199,040	(11,135)
Culture and recreation	202,622	-	-	202,622	215,900	245,550	42,928
Community and economic development	31,903	-	-	31,903	34,750	44,750	12,847
General government	51,537	-	-	51,537	71,450	71,450	19,913
Debt service	397,776	-	-	397,776	400,723	400,723	2,947
Capital projects	524,858	-	-	524,858	500,000	800,000	275,142
Business type activities	-	1,653,468	-	1,653,468	1,822,000	1,942,000	288,532
<b>Total disbursements</b>	<b>2,013,139</b>	<b>1,653,468</b>	<b>28,199</b>	<b>3,638,408</b>	<b>3,809,813</b>	<b>4,331,463</b>	<b>693,055</b>
<b>Excess (Deficiency) of receipts over (under)</b>	<b>(802,147)</b>	<b>183,847</b>	<b>(5,565)</b>	<b>(612,735)</b>	<b>(730,924)</b>	<b>(1,232,574)</b>	<b>619,839</b>
disbursements							
Other financing sources, net	602,143	66,626	-	668,769	503,000	978,000	(309,231)
<b>Change in fund balances</b>	<b>(200,004)</b>	<b>250,473</b>	<b>(5,565)</b>	<b>56,034</b>	<b>(227,924)</b>	<b>(254,574)</b>	<b>310,608</b>
Balances beginning of year	644,461	1,542,381	80,103	2,106,739	2,258,477	2,258,477	(151,738)
<b>Balances end of year</b>	<b>\$ 444,457</b>	<b>\$ 1,792,854</b>	<b>\$ 74,538</b>	<b>\$ 2,162,773</b>	<b>\$ 2,030,553</b>	<b>\$ 2,003,903</b>	<b>\$ 158,870</b>

See accompanying independent auditor's report.



## **City of Dysart – Notes to Other Information – Budgetary Reporting**

June 30, 2020

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Dysart Fire Fighters, Inc. (a blended component unit). The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$521,650. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the public works function.

City of Dysart - Schedule of the City's Proportionate Share of the Net Pension Liability  
Iowa Public Employees' Retirement System  
Other Information

For the Last Six Years\*

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability.....	0.003122%	0.003349%	0.003277%	0.003066%	0.002660%	0.002265%
City's proportionate share of the net pension liability.....	\$ 180,778	\$ 211,940	\$ 218,285	\$ 192,951	\$ 131,415	\$ 89,834
City's covered payroll.....	\$ 527,428	\$ 470,881	\$ 436,527	\$ 424,381	\$ 423,967	\$ 398,775
City's proportionate share of the net pension liability as a percentage of its covered payroll .....	34.28%	45.01%	50.00%	45.47%	31.00%	22.53%
IPERS' net position as a percentage of the total pension liability .....	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

\*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

**City of Dysart – Schedule of City Contributions  
Iowa Public Employees’ Retirement System**  
Other Information

For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Satutorily required contribution .....	\$ 51,208	\$ 51,801	\$ 44,032	\$ 40,835	\$ 39,895	\$ 40,329	\$ 37,807	\$ 34,797	\$ 32,227	\$ 32,909
Contributions in relation to the statutorily required contributions ...	<u>(51,208)</u>	<u>(51,801)</u>	<u>(44,032)</u>	<u>(40,835)</u>	<u>(39,895)</u>	<u>(40,329)</u>	<u>(37,807)</u>	<u>(34,797)</u>	<u>(32,227)</u>	<u>(32,909)</u>
Contribution Deficiency (Excess) ...	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
City’s covered employee payroll .....	\$ 528,918	\$ 527,428	\$ 470,881	\$ 436,527	\$ 424,381	\$ 423,967	\$ 398,775	\$ 371,753	\$ 336,272	\$ 423,029
Contributions as a percentage of covered employee payroll .....	9.68%	9.82%	9.35%	9.35%	9.40%	9.51%	9.48%	9.36%	9.58%	7.78%

See accompanying independent auditor’s report.

## City of Dysart - Notes to Other Information – Pension Liability

Year ended June 30, 2020

### Changes of benefit terms

There are no significant changes in benefit terms.

### Changes of assumptions

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

## **Supplementary Information**

City of Dysart - Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds

As of and for the year ended June 30, 2020

	Special Revenue						Debt Service						Capital Projects			
	Road Use Tax	Employee Benefits	Local Option Sales Tax	Urban Renewal Tax Increment	Low to Moderate Income	Dysart Fire Fighters, Inc.	Debt Service	2013 Talmage/Pool	2015 Debt Fund	2010 Infrastructure	2019 Infrastructure	West Street	Equipment Replacement	2020 Connell Street	Total	
Receipts																
Property tax	\$ -	\$ 64,053	\$ -	\$ -	\$ -	\$ -	\$ 186,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,996	
Tax increment financing	-	-	-	67,274	-	-	-	-	-	-	-	-	-	-	67,274	
Other city tax	-	-	91,916	-	-	-	-	-	-	-	-	-	-	-	91,916	
Use of money and property	-	67	660	144	78	469	434	4	464	28	4	66	25	-	2,443	
Intergovernmental	177,254	547	-	-	-	-	1,525	-	-	-	-	-	-	-	179,326	
Miscellaneous	-	-	-	-	-	22,165	-	-	-	-	-	-	-	-	22,165	
Total receipts	177,254	64,667	92,576	67,418	78	22,634	188,902	4	464	28	4	66	25	-	614,120	
Disbursements																
Operating:																
Public safety	-	-	-	-	-	28,199	-	-	-	-	-	-	-	-	28,199	
Public works	210,175	-	-	-	-	-	-	-	-	-	-	-	-	-	210,175	
Debt service	-	-	-	-	-	-	-	149,700	132,700	46,870	46,658	19,348	-	-	395,276	
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	31,996	31,996	
Total disbursements	210,175	-	-	-	-	28,199	-	149,700	132,700	46,870	46,658	19,348	-	31,996	665,646	
Excess (Deficiency) of receipts over (under) disbursements																
	(32,921)	64,667	92,576	67,418	78	(5,565)	188,902	(149,696)	(132,236)	(46,842)	(46,654)	(19,282)	25	(31,996)	(51,526)	
Other financing sources (uses)																
Transfers in	-	-	-	-	-	-	-	152,113	115,450	42,572	52,077	14,199	-	-	376,411	
Transfers out	-	(64,667)	(118,000)	(67,921)	-	-	(183,508)	-	-	(2,163)	-	-	-	-	(436,259)	
Total other financing sources (uses)	-	(64,667)	(118,000)	(67,921)	-	-	(183,508)	152,113	115,450	40,409	52,077	14,199	-	-	(59,848)	
Change in cash balances	(32,921)	-	(25,424)	(503)	78	(5,565)	5,394	2,417	(16,786)	(6,433)	5,423	(5,083)	25	(31,996)	(111,374)	
Cash balances beginning of year	36,316	-	94,061	838	29,419	80,103	11,118	1,539	96,435	6,433	-	15,921	4,868	-	377,051	
Cash balances end of year	\$ 3,395	\$ -	\$ 68,637	\$ 335	\$ 29,497	\$ 74,538	\$ 16,512	\$ 3,956	\$ 79,649	\$ -	\$ 5,423	\$ 10,838	\$ 4,893	\$ (31,996)	\$ 265,677	
Cash Basis Fund Balances																
Restricted for:																
Streets	\$ 3,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,395	
Debt service	-	-	-	-	-	-	16,512	3,956	79,649	-	5,423	10,838	-	-	116,378	
Other purposes	-	-	68,637	335	29,497	-	-	-	-	-	-	-	4,893	-	103,362	
Assigned	-	-	-	-	-	74,538	-	-	-	-	-	-	-	-	74,538	
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,996)	(31,996)	
Total cash basis fund balances	\$ 3,395	\$ -	\$ 68,637	\$ 335	\$ 29,497	\$ 74,538	\$ 16,512	\$ 3,956	\$ 79,649	\$ -	\$ 5,423	\$ 10,838	\$ 4,893	\$ (31,996)	\$ 265,677	

See accompanying independent auditor's report

City of Dysart - Schedule of Indebtedness

Year ended June 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>								
Corporate purpose, Series 2010	March 2, 2010	2.00 - 3.60%	\$ 400,000	\$ 45,000	\$ -	\$ 45,000	\$ -	\$ 1,620
Corporate purpose & refunding, Series 2013	March 12, 2013	0.35 - 2.35%	1,320,000	525,000	-	140,000	385,000	9,450
Corporate purpose & refunding, Series 2015	May 27, 2015	0.70 - 3.00%	1,700,000	640,000	-	115,000	525,000	17,450
Corporate purpose, Series 2017	June 29, 2017	1.25 - 2.50%	500,000	480,000	-	10,000	470,000	9,098
Corporate purpose, Series 2019	September 16, 2019	1.40 - 2.30%	500,000	-	500,000	40,000	460,000	6,658
<b>Total General Obligation Bonds</b>				<b><u>\$1,690,000</u></b>	<b><u>\$ 500,000</u></b>	<b><u>\$ 350,000</u></b>	<b><u>\$1,840,000</u></b>	<b><u>\$ 44,276</u></b>
<b>Sewer Anticipation Project Note</b>	<b>June 19, 2020</b>	<b>0.00%</b>	<b>251,000</b>	<b><u>\$ -</u></b>	<b><u>\$ 168,769</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 168,769</u></b>	<b><u>\$ -</u></b>

See accompanying independent auditor’s report.

City of Dysart - Bond Maturities

June 30, 2020

General Obligation Bonds									
Year Ending June 30,	Corporate Purpose & Refunding Series 2013		Corporate Purpose & Refunding Series 2015		Corporate Purpose Series 2017		Corporate Purpose Series 2019		Total
	Issued March 12, 2013		Issued May 27, 2015		Issued June 29, 2017		Issued September 16, 2019		
	Interest		Interest		Interest		Interest		
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	
2021	1.45%	100,000	2.50%	120,000	1.25%	75,000	1.40%	35,000	330,000
2022	1.90%	35,000	2.75%	115,000	1.65%	75,000	1.40%	35,000	260,000
2023	1.90%	40,000	2.75%	115,000	1.65%	65,000	1.70%	40,000	260,000
2024	1.90%	40,000	3.00%	115,000	2.00%	65,000	1.70%	40,000	260,000
2025	2.35%	40,000	3.00%	30,000	2.00%	65,000	1.70%	40,000	175,000
2026	2.35%	40,000	3.00%	30,000	2.50%	65,000	2.00%	40,000	175,000
2027	2.35%	45,000	-	-	2.50%	60,000	2.00%	45,000	150,000
2028	2.35%	45,000	-	-	-	-	2.00%	45,000	90,000
2029	-	-	-	-	-	-	2.30%	45,000	45,000
2030	-	-	-	-	-	-	2.30%	45,000	45,000
2031	-	-	-	-	-	-	2.30%	50,000	50,000
		<u>\$ 385,000</u>		<u>\$ 525,000</u>		<u>\$ 470,000</u>		<u>\$ 460,000</u>	<u>\$ 1,840,000</u>

See accompanying independent auditor's report.



City of Dysart - Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Receipts</b>										
Property tax	\$ 605,569	\$ 568,132	\$ 561,941	\$ 538,372	\$ 485,524	\$ 479,362	\$ 466,300	\$ 442,134	\$ 426,879	\$ 412,527
Tax increment financing	67,274	66,029	65,281	68,609	77,072	69,838	71,864	85,072	87,129	65,744
Other city tax	95,102	114,641	106,505	101,225	102,004	90,795	87,884	91,776	108,806	81,979
Licenses and permits	4,077	3,837	3,193	2,564	3,303	4,946	4,376	5,030	4,674	4,955
Use of money and property	12,636	14,034	10,379	11,977	7,926	5,666	9,503	11,574	12,778	12,866
Intergovernmental	193,499	188,945	186,379	181,144	382,916	212,408	156,701	152,583	234,790	139,146
Charges for services	95,183	99,360	125,870	118,313	135,843	134,233	125,609	127,567	113,022	144,012
Special assessments	-	-	13,836	1,221	14,803	29,315	12,137	2,487	43,885	2,131
Miscellaneous	137,652	176,140	78,853	86,734	63,311	164,607	325,692	95,207	218,624	72,333
<b>Total receipts</b>	<b>\$1,210,992</b>	<b>\$1,231,118</b>	<b>\$1,152,237</b>	<b>\$1,110,159</b>	<b>\$1,272,702</b>	<b>\$1,191,170</b>	<b>\$1,260,066</b>	<b>\$1,013,430</b>	<b>\$1,250,587</b>	<b>\$ 935,693</b>
<b>Disbursements</b>										
Operating										
Public safety	\$ 594,268	\$ 732,671	\$ 423,571	\$ 428,779	\$ 461,878	\$ 539,718	\$ 633,468	\$ 344,976	\$ 281,277	\$ 279,864
Public works	210,175	379,025	111,087	185,056	89,174	169,309	102,646	76,715	198,521	127,218
Culture and recreation	202,622	207,843	247,736	224,886	217,473	204,186	226,894	207,549	247,952	196,179
Community and economic development	31,903	33,148	20,288	26,912	21,937	14,063	14,736	15,405	11,631	16,054
General government	51,537	67,537	68,513	54,647	58,117	61,495	61,585	56,963	71,606	56,772
Debt service	397,776	355,158	354,678	338,510	303,864	999,515	289,233	985,504	249,189	256,406
Capital projects	524,858	-	480,421	147,011	541,533	733,115	763,466	167,126	455,669	206,914
<b>Total disbursements</b>	<b>\$2,013,139</b>	<b>\$1,775,382</b>	<b>\$1,706,294</b>	<b>\$1,405,801</b>	<b>\$1,693,976</b>	<b>\$2,721,401</b>	<b>\$2,092,028</b>	<b>\$1,854,238</b>	<b>\$1,515,845</b>	<b>\$1,139,407</b>

See accompanying independent auditor’s report.

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

To the Honorable Mayor and  
Members of the City Council  
City of Dysart

I have audited in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Dysart, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued my report thereon dated August 27, 2020. My report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the City of Dysart's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dysart's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Dysart's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Dysart's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-20 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-B-20 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Dysart's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings.


Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the City. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **The City of Dysart's Responses to the Findings**

The City of Dysart's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. The City of Dysart's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RACHELLE K. THOMPSON, CPA

Hampton, Iowa  
August 27, 2020

## City of Dysart – Schedule of Findings

June 30, 2020

### Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements based on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States.
- (b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which was material to the financial statements.

### Part II: Findings Related to the Financial Statements

#### INSTANCES OF NON-COMPLIANCE

No matters were noted.

#### INTERNAL CONTROL DEFICIENCIES

##### II-A-20 Segregation of Duties

**Criteria** – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

**Condition** – One individual in the City has control over the cash receipts listing, bank deposits and the posting of cash receipts to the cash receipts journal and reconciling the bank accounts.

**Cause** – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

**Effect** – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

**Auditor's Recommendation** – The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

**City's Response** – We will consider this and attempt to segregate duties where possible.

**Auditor's Conclusion** – Response accepted.

## City of Dysart – Schedule of Findings

June 30, 2020

### II-B-20 Approval of Invoices

**Criteria** – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for approval of invoices by an individual not involved in writing and recording payment of invoices in the general ledger. Approval of invoices should be documented with the initials of the person reviewing and approving the invoices.

**Condition** – In reviewing paid invoices, I noted there were no initials of the mayor or council members documenting approval.

**Cause** – In the past, the City has had a policy where the Mayor reviews and initials invoices at the same time checks are signed. Due to the change in Mayor, this policy was not continued.

**Effect** – Inadequate controls over the review and approval of invoices could result in unapproved invoices being paid or duplicate payment of the same invoice.

**Auditor's Recommendation** – The City should recontinue the policy of the Mayor initialing invoices at the time of signing checks to document approval of invoices.

**City's Response** – We have re-established our policy and the Mayor approves all invoices at the time of signing checks and documents approval by initialing each invoice.

**Auditor's Conclusion** – Response accepted.

### Part III: Other Findings Related to Required Statutory Reporting

**III-A-20 Certified Budget** – Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the public works function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

**Auditor's Recommendation** – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

**City's Response** – The budget will be amended in the future, if applicable.

**Auditor's Conclusion** – Response accepted.

**III-B-20 Questionable Disbursements** – No disbursements were noted that I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**III-C-20 Travel Expense** – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

## City of Dysart – Schedule of Findings

June 30, 2020

**III-D-20 Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Bret Hennessy, Council Member Owner of Shamrock Lawn Service	Lawn and tree services	\$1,011

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the Council Member do not appear to represent a conflict of interest since total transactions were less than \$6,000 during the fiscal year.

**III-E-20 Restricted Donor Activity** – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

**III-F-20 Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

**III-G-20 City Council Minutes** – No transactions were found that I believe should have been approved in the City Council minutes but were not.

**III-H-20 Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**III-I-20 Annual Urban Renewal Report** – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

**III-J-20 Financial Condition** – The Capital Projects, 2020 Connell Street Fund had a deficit balance of \$31,996, at June 30, 2020.

**Auditor's Recommendation** – The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

**City's Response** – The deficit was due to construction costs incurred prior to receipt of a state grant. The deficit was subsequently eliminated.

**Auditor's Conclusion** – Response accepted.